



ALASKA STATE LEGISLATURE

SENATE LABOR & COMMERCE COMMITTEE

SENATOR JESSE BJORKMAN

Chairman
State Capitol, Room 427
Juneau, AK 99801-1182
(907) 465-2828

Sen. Kelly Merrick, Vice-Chair
Sen. Forrest Dunbar
Sen. Elvi Gray-Jackson
Sen. Robert Yundt

SB 79 Payment of Wages; Payroll Card Account

Sponsor Statement

34-LS0494\G

Senate Bill 79 would allow employers to credit wages to an employee on a payroll card account if an employee has voluntarily authorized this, or if an employee has not authorized deposit of their wages to a specified account. This legislation gives employers another option to pay their employees that could be less expensive than other forms of payment and avoids the difficulties of distributing paper checks.

This legislation additionally prohibits insurers, payment card networks, banks, or processors from charging merchants interchange fees on the tax or gratuity portion of an electronic payment transaction for up to 180 days after a transaction.

SB 79 requires employers to be transparent when giving employees the option to open a payroll card account. The bill requires that employers provide employees with a list of fees they could encounter with the card and a cost-free method to access their wages, as having an ATM card that is not connected to a specific bank can require fees for withdrawal. Employers also cannot offer a payroll card that charges fees for an employee's application, initiation, or participation in the account.

The bill gives employees that don't have a bank account another option to accept payment of their wages and a mechanism to avoid check cashing fees, as well as protection from tax on gratuity. Payroll cards will be used without fees to pay for any store purchases and one cost-free ATM withdrawal in an amount up to the employee's net wages per pay-period.

I urge your support of Senate Bill 79.